

March 28, 1973

E & R for Initial.

PRESIDENT: Is there any further discussion of the bill. The question is shall LB 527 be advanced from General File to E & R Initial. All those in favor vote aye. All those opposed vote no. Voting on the advancement of LB 527 from General File and, once again, have you all voted? Voting on the advancement of 527 from General File. Incidentally for those Senators who have just come in, we are starting at the bottom of General File and working backwards and if there are any amendments or anything controversial on the bills why we are just passing them over. Have you all voted? The clerk will record.

CLERK: 28 ayes. 0 nays, 21 not voting.

PRESIDENT: LB 527 is advanced. Now, we move to the consideration of LB 428. I believe that is Senator Whitney's bill and Senator Whitney has another one right behind that, 492. First will be LB 428.

CLERK: Read title. LB 428. There are Committee amendments.

PRESIDENT: Senator Whitney:

SENATOR WHITNEY: Mr. President, I move that the Committee amendments be adopted. These Committee amendments are only clarification and then I would like to explain the bill as a whole after they have been adopted.

PRESIDENT: Any further discussion of the Committee amendments? The question is shall the Committee amendments be adopted. All those in favor please say aye. Those opposed say no. The amendments are adopted. Go ahead, sir.

SENATOR WHITNEY: I move that LB 428 be advanced to E & R Initial. LB 428 would establish deferred compensation arrangements for state employees by allowing them to purchase insurance annuity contracts with a portion of their gross, their own gross income. The portion of their income used as premiums would not be subject to income tax. Any such amounts of deferred compensation would be exclusive of the regular retirement system program. This bill arises from a desire to give state employees the same advantages as can now be enjoyed by employees of the University of Nebraska and the State Colleges. The Technical Amendment Act passed by Congress in 1958 permitted employees of educational institutions and certain other nonprofit organizations to tax shelter up to sixteen and two-thirds percent of their gross income. Such percentage includes amounts contributed to the regular retirement system and any voluntary additional contributions. The motivation for LB 428 is to attempt to correct an apparent inequity that some state employees can qualify for tax shelter annuities and some cannot, so, therefore, in order to make it equitable we need this bill. The fiscal impact in this bill is zero on the appropriation side so far as the state government is concerned. The following eleven states have passed legislation to authorize this type of program: Arizona, Alabama, Arkansas, California, Delaware, Iowa, Louisiana, Massachusetts, Maryland, North Carolina, and Oklahoma. Mr. Richard Benson of an insurance company in Omaha appeared in support of the bill and explained some of the technicalities involved in the establishing of such a program. Also, appearing in support of the bill were Linvall Praal of the Nebraska Association of Public Employees, Jack Cleavenger of the Department of Institutions, Gene Eno of the Games and Parks Commission and Kenneth Steinmiller, Director of Public Employees Retirement Board. The Committee also requested that Jon Gradwohl review the bill and advise on any problems and that is what he did and the Committee has considered his recommendations and has included them in the bill, and so I move that the bill be advanced to E & R Initial.